

Agenda – Economy, Trade, and Rural Affairs Committee

Meeting Venue:

Committee room 5 – Tŷ Hywel
and video conference via Zoom

Meeting date: 5 March 2026

Meeting time: 11.20

For further information contact:

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Hybrid

At its meeting on 25 February 2026, the Committee agreed a motion under Standing Order 17.42(vi) to exclude the public from item 1 of today's meeting.

Private session

11.20 – 11.50

1 Inward Investment: Consideration of draft report

11.20 – 11.50

(Pages 1 – 42)

Attached Documents:

Draft report

Public session

11.50 – 15.30

2 Introductions, apologies, substitutions, and declarations of interest

11.50



3 General Ministerial Scrutiny: Trade and Borders

11.50 – 13.00

(Pages 43 – 69)

Huw Irranca-Davies MS, Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, Welsh Government

Rebecca Evans MS, Cabinet Secretary for Economy, Energy and Planning, Welsh Government

Russell Roberts, Deputy Director – Trade and Investment, Welsh Government

Emily Hole, Head of Trade Policy, Welsh Government

Attached Documents:

Research brief

Evidence paper – Welsh Government

Break

13.00 – 13.30

4 General Ministerial Scrutiny: Rural Affairs

13.30 – 15.30

(Pages 70 – 104)

Huw Irranca-Davies MS, Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs, Welsh Government

Gian Marco Currado, Director – Rural Affairs, Welsh Government

Dr Richard Irvine, Chief Veterinary Officer, Welsh Government

Attached Documents:

Research brief

Evidence paper – Welsh Government

5 Papers to note

15.30

5.1 Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill: Response to the Legislation, Justice and Constitution Committee's Stage 1 report recommendations

(Pages 105 – 108)

Attached Documents:

Letter from the Cabinet Secretary for Finance and Welsh Language to the
Chair of the Legislation, Justice and Constitution Committee – 24 February
2026

5.2 Audit Wales podcast: Challenges and opportunities for Welsh public services

(Pages 109 – 125)

Attached Documents:

Letter from the Auditor General for Wales to the Chairs of the Finance
Committee and Public Accounts and Public Administration Committee – 26
February 2026

5.3 Inter-institutional Relations Agreement: Meeting of the Inter-Ministerial Group for Trade

(Page 126)

Attached Documents:

Letter from the Cabinet Secretary for Economy, Energy and Planning – 26
February 2026

5.4 The Chemicals (Health and Safety) (Amendment, Consequential and Transitional Provision) Regulations 2026

(Pages 127 – 128)

Attached Documents:

Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs – 26 February 2026

6 Motion under Standing Order 17.42(ix) to resolve to exclude the public from the remainder of the meeting

15.30

Private session

15.30 – 15.50

7 General Ministerial Scrutiny: Consideration of evidence

15.30 – 15.50

Agenda Item 1

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Agenda Item 3

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Welsh Government Evidence Paper – Trade and Borders

05/03/2026

The Economy, Trade and Rural Affairs Committee has invited the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs and the Cabinet Secretary for Economy, Energy and Planning to attend a joint scrutiny session on Trade and Borders on 5 March 2026. This paper is intended to inform the discussion, providing an update on policy developments in this area, and actions taken by the Welsh Government.

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1. Introduction

- 1.** The international trade landscape in 2025 was characterised by a high degree of uncertainty in international trade markets, in part caused by the announcement of US 'reciprocal' tariffs in April 2025. Against this backdrop the UK Government has concluded several agreements with key international trading nations, such as the free trade agreement agreed with India, the UK-US Economic Prosperity deal and the UK-EU Common Understanding Agreement. The UK EU Summit also led to several announcements, including further negotiations to agree a Common Sanitary and Phyto-Sanitary Agreement, negotiations in these areas will continue at pace over the coming year.

2. United States

US Tariffs

2. On 2 April 2025, the US administration announced a series of 'reciprocal' tariffs on all countries. Whilst higher level tariffs were subsequently paused for 90 days, a 10% baseline tariff on all imports into the US, including from the UK, was put in place.
3. The 'reciprocal' tariffs are separate to the series of sector specific tariffs that the US also imposed on goods such as steel, aluminium, and automotive.
4. The US continues to use tariffs as a means to regulate trade. There are several investigations underway in respect of import into the US, with many of these investigations expected to conclude this year.

UK-US Economic Prosperity Deal

5. On 8 May 2025, the UK and US announced the general terms for a UK-US Economic Prosperity Deal¹ (EPD). This agreement sets out the intentions for a future trade agreement and is not legally binding. Some elements of the deal have now been implemented. For example, the EPD included a commitment to establish a reciprocal tariff free quota for 13,000 metric tonnes of beef to enter the respective UK and US markets. This quota arrangement came into full effect on 1 January 2026.
6. Other elements of the deal require further negotiation to formalize the specific details set out in the EPD. For example, under the EPD, the US agreed to establish a tariff free quota for the import of UK steel. However, this arrangement is yet to be established as negotiations continue. In the meantime, the UK is the only country to have secured a 25% US tariff rate on steel, avoiding the 50% rate the US has applied to other countries.
7. Welsh Government officials continue to work closely with the UK Government to understand how the remaining details of the arrangements set out in the EPD will be applied to any final agreement.

UK-US Pharmaceutical deal

8. On 1 December 2025, the UK Government announced that the UK and the US had concluded a UK-US pharmaceuticals deal which grants UK

¹ [UK-US Economic Prosperity Deal](#)

pharmaceutical exports to the US exemptions from any US tariffs. In return, the UK Government has agreed to increase the price it pays for new medicines by around 25%. The text of the agreement has not been made public and while medicine pricing is a reserved matter the nature of medicine pricing will have a direct impact on the NHS in Wales.

Wales-US Trade Data

- 9.** The latest data available from the year ending September 2025 shows that the US was Wales' second largest goods export partner, with 12.9% of total Welsh goods exports heading to the US, and also Wales's top import partner, accounting for around 18.1% of all Welsh goods imports.
- 10.** Goods trade between the US and Wales was valued at £5.9bn in the year ending September 2025², with imports and exports contributing £3.8bn and £2.2bn respectively. Latest services trade data for 2023³ estimate the value of services trade with the US to be around £3.6bn, of which imports and exports account for £1.1bn and £2.5bn respectively.

² Based on [HMRC RTS](#). Due to the upcoming pre-announced HMRC corrections due to be published on 19th March 2026, these figures may change and should therefore be treated with caution.

³ [ONS Subnational trade, 2023](#)

3. UK-EU Common Understanding Agreement

General Update

- 11.** On 19 May 2025, at the UK-EU summit, the UK Government announced that it had reached a UK-EU Common Understanding Agreement with the EU on trade, energy and security⁴.
- 12.** The agreement is primarily a framework agreement, setting out key areas for further negotiation and cooperation in key areas such as Sanitary and Phytosanitary (SPS) measures, linking Emission Trading Schemes (ETS) Youth Mobility, and electricity trading.
- 13.** The UK and the EU have begun negotiations on an SPS agreement and the linking of ETS, and have committed to conclude negotiations by the next EU UK Summit which will take place in 2026.
- 14.** Welsh Government Ministers and officials are in regular contact with the UK Government to ensure Welsh interests are represented in negotiations. There are regular Inter-Ministerial Group Meetings where these issues are discussed, including IMG-Rural Affairs, IMG – Trade, which last met on 8 January and IMG – EU, which last met on 21 January. The Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs has also had two quadrilateral meetings to discuss the ongoing negotiations. The intention is for these meetings to continue on a monthly basis.

ERASMUS +

- 15.** On 17 December 2025, the UK Government announced⁵ that it had agreed with the EU for the UK to associate to the Erasmus+ programme from 2027.
- 16.** Erasmus+ is an EU programme that provides grant funding for international placements and partnership projects for organisations working in education, training, youth and sport. It aims to help people improve their education, gain work experience, and grow personally by offering chances to study, learn and work in eligible countries.

⁴ [UK-EU Summit - Common Understanding](#)

⁵ [Young people from all backgrounds to get opportunity to study abroad as UK-EU deal unlocks Erasmus+ - GOV.UK](#)

Youth Mobility Scheme

- 17.** The EU and UK are negotiating a youth experience scheme following the announcement in May 2025 at the UK-EU summit that they would commit to doing so. An explanatory memorandum⁶ explaining the EU Council's decision to authorise the opening of negotiations was published in August 2025. Negotiations are underway and ongoing.
- 18.** We continue to be clear in our representations to the UK Government that any scheme must ensure that young people can enjoy the social, cultural and educational benefits gained from living, working and/or studying in each other's countries.

Business mobility

- 19.** The EU and UK committed to setting up a dedicated dialogue on the implementation of the Trade and Co-operation Agreement (TCA) as regards entry and temporary stay of natural persons for business purposes (short-term business visitors), including the UK's visa sponsorship scheme.

Emissions Trading Scheme (ETS) Linking

- 20.** The UK and the EU have also begun negotiations on linking the UK Emissions Trading Scheme (ETS) with the EU ETS. Both parties have agreed to complete negotiations on ETS before the next UK-EU summit in 2026.
- 21.** The ETS is a powerful tool for decarbonisation and supports our goals for green growth and green jobs. Aligning the UK and EU ETS could benefit Wales by creating opportunities for Welsh industries and ensuring a level playing field across a broader market, including reciprocal Carbon Border Adjustment Mechanism (CBAM) exemptions.
- 22.** The Welsh Government shares joint responsibility for the UK ETS alongside the Scottish Government, the Northern Ireland Executive, and the UK Government, and we welcome this development.

Electricity trading

- 23.** The UK and EU announced on 17 December 2025 that they would progress talks on enhanced electricity trading arrangements to reintegrate the UK into EU Internal Energy Market mechanisms. This includes market coupling,

⁶ [Draft EM on COUNCIL DECISION \(EU\) 2025/1286 on youth experience scheme](#)

interconnector efficiency, and regulatory alignment. These changes aim to reduce costs, improve energy security, and accelerate decarbonisation.

Sanitary and Phytosanitary (SPS)

- 24.** The UK and EU are committed to negotiating a Common Sanitary and Phytosanitary Agreement to remove many of the certification and checks on agri-food products which were introduced after the UK left the EU and created significant trade barriers for Welsh producers exporting to the EU.
- 25.** Parties agreed that the UK should be able to take targeted action to protect its biosecurity and public health, in the same way as Member States under European Union law.
- 26.** In addition, the SPS Agreement should include a short list of limited exceptions to dynamic alignment, these exceptions will be subject to negotiations and could cover areas where UK / devolved government rules and regulations justifiably diverge from the EU.
- 27.** Both parties have agreed to complete negotiations on SPS before the next UK-EU summit in 2026.

Wales-EU Trade Data

- 29.** The EU is Wales's most significant trading partner, with the value of total trade with the EU totalling £17.4bn in the year ending September 2025⁷. The EU is also the largest market for inward investment to Wales.
- 30.** Wales is more reliant on the EU for goods trade than the UK as a whole. In the year ending September 2025, around 56.2% of Welsh goods exports went to the EU, this differs from the UK as a whole where 48.5% of goods exports were sent to the EU. In addition to this, around 31.5% of Wales' services exports were destined for the EU in 2023 according to the Office for National Statistics data.

⁷ Due to the upcoming pre-announced HMRC corrections due to be published on 19 March 2026, these figures may change and should therefore be treated with caution

4. India Free Trade Agreement

31. On 6 May 2025, the UK concluded negotiations over a free trade agreement with India. The deal is expected to be signed imminently. The signed agreement will then be laid before the UK Parliament later this year as part of the Constitutional Reform and Governance Act 2010. The Welsh Government has analysed the deal and published a report setting out its perspective on the agreement and the specific impacts for Wales.⁸

⁸ [The UK-India Comprehensive Economic and Trade agreement \(CETA\): a Welsh Government perspective](#)

5. Rest of World Negotiations

32. In addition to the recent agreements reached with India, the US and the EU, there are several trade negotiations currently taking place. These include negotiations with Switzerland, the Gulf Co-operation Council (GCC) and Turkey.

33. Negotiations with the Republic of Korea (RoK) were concluded on 15 December 2025, and formal signature on the upgraded UK-RoK FTA is expected to take place in summer 2026.

6. Border Controls - Border Target Operating Model

- 34.** The Welsh Government actively updates and reviews its priorities as the UK-EU negotiations develop and circumstances change. We will continue to consider any potential impact on Wales as part of this ongoing work. However, as negotiations are currently active, we cannot comment on what may be included or what that impact may be until any agreement is finalised.
- 35.** The Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs set out the Welsh Government's position on Border Control Posts (BCPs) in Wales, and this statement remains the current position⁹. The decision to pause the implementation of the Border Target Operating Model (BTOM) arrangements was made by the UK Government which has indicated that this will remain subject to review.
- 36.** Working with colleagues in the UK and Scottish governments, the Welsh Government will keep the implications for border control posts in Wales under review. We will update the Committee as appropriate.

⁹ [Written Statement: Border Controls on imports into Wales from Ireland](#)

Agenda Item 4

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Evidence paper for Cabinet Secretary for Climate Change and Rural Affairs for General Scrutiny at ETRA Committee

Information on key achievements provided to aid the Committee in advance of the Cabinet Secretary's attendance at General Scrutiny on 5 March.

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1. Sustainable Farming Scheme

The Sustainable Farming Scheme (SFS) commenced 1 January 2026, after the secondary legislation required to operate the scheme and to transition from the Basic Payment Scheme, was passed in December. This is the result of extensive partnership working with stakeholders, in particular through the SFS Ministerial Roundtable.

This delivers on two Programme for Government commitments:

- To create a new system of farm support that will maximise the protective power of nature through farming, recognising the particular needs of family farms in Wales and acknowledging ecologically sustainable local food production.
- To introduce a transition period to the new farm support scheme, including continuing stability payments, beyond the current Senedd term.

The mood across the agricultural industry towards the SFS is largely positive. Feedback from farmers, for example through the SFS Roadshows undertaken last October, suggests large numbers of farmers are preparing themselves to enter the scheme. However, we will not know how many farmers will join the scheme until after the Single Application Form (SAF) closes on 15 May. The individual actions included within the SFS will support farmers to deliver against the Sustainable Land Management objectives established in the Agriculture (Wales) Act.

Other than further operationalising the SFS, the next significant piece of work is to introduce the Operational and Collaborative Layers of the scheme later this year, and then ongoing throughout the Transition Period. Building upon the foundations of the Universal Layer and the SFS Preparatory Phase schemes, the Operational and Collaborative Layers will support those farmers who want to go further in delivering more targeted actions to improve the resilience of their farm business, as well as important nature and climate commitments.

2. Supporting farmers through the transition from EU funding

Historic support for farmers in Wales came via the EU's Common Agricultural Policy (CAP), with direct income support payments to farmer under the Basic Payment Scheme (BPS) and the Rural Development Programme (RDP) - a range of measures to support sustainable land management, farm viability, rural economic growth and community -led development across Wales.

Following EU exit in 2020, the Welsh Government committed to providing domestic funding to maintain BPS payments to farmers in Wales, until the introduction of the new SFS, with around £1.4bn of funding paid to farmers under the scheme since EU exit, providing stability and certainty to the farming sector.

As part of the EU exit deal, RDP funding continued to 31 December 2023, and Welsh Government successfully delivered the programme, fully utilising the £842m budget. In addition, we introduced a range of transitional and preparedness schemes, bridging the gap between EU funding and the introduction of SFS. These schemes not only provided essential support to the farming sector, but also served to pilot new initiatives to ensure that some aspects of SFS, e.g. delivery of Habitat Wales, were tested with the farming sector.

Rural Investment Scheme (RIS) 2022-2025

Over £200m was made available to support sustainable food production and action towards the climate and nature emergencies. This allocation of funding responded to the ending of the EU RDP and ensured continuity of support for important actions previously funded under the RDP. We have supported sustainable food production by Welsh farmers, and we want our rural communities to have a green and sustainable future. This package was designed to support these aims. A strong rural economy can only be beneficial for our rural communities. Funding has included a focus on woodland and forestry, on farm environmental improvements, sustainable land management, productivity and diversification. We have also targeted landscape scale land management and food and farming supply chains.

Many of the schemes that we have supported complement the development of the Sustainable Farming Scheme, which will reward farmers and land managers for the work they do to meet the challenges of the climate and nature emergencies alongside the sustainable production of food, with benefits for food

security in Wales and globally. The schemes we have developed and run over the last three years have laid strong foundations for the Sustainable Farming Scheme – Preparatory Phase, as some schemes continued, and others are being adjusted to ensure best alignment to the ~~coming~~ Sustainable Farming Scheme.

During 2025/2026, the following SFS Preparatory Phase schemes have been offered with the investments being delivered in between 2026 and 2028.

- Growing for the Environment
- Small Grants – Environment
- Small Grants - Efficiency
- Habitat Wales Scheme – Commons
- Organic Conversion Scheme (2026)
- Organic Support (2025)
- Nutrient Management Investment Scheme
- Small Grants – Yard Coverings

3. Review of Agricultural Pollution Regulations

The independently chaired review of the Control of Agricultural Pollution Regulations determined that the general approach that the Welsh Government has taken to reduce and prevent agricultural pollution is the right approach. However, the review has also highlighted that there is significant scope to improve the regulations for the benefit of farming and the environment.

In response to the review, the Welsh Government has outlined the next steps for taking forward the 23 recommendations, at pace, detailing the key actions required to take forward a work programme in what is a complex area. Written Statements outlining the next steps were issued on [31 March 2025](#) and [8 October 2025](#).

Due to the complex and technical nature of the recommendations and the importance of a collaborative approach, the experience gained from the Sustainable Farming Scheme stakeholder engagement process has been used to inform the way forward. Welsh Government officials have established a new Task and Finish Group to engage on the recommendations and inform the development of proposals.

The membership of the Task and Finish group includes representatives from a wide range of key stakeholders with significant expertise on the subject areas covered by the recommendations. Members of the Task and Finish Group were provided with the opportunity to meet the Chair of the group and discuss the work programme at the Winter Fair.

The first formal meeting of the Task and Finish Group was held on 6 January, when the group began to discuss the Terms of Reference and the recommendations. The recommendations will be considered by the Group in 3 phases, the first within 18 months of the completion of the review, the second phase within 18 months to 3 years and the third phase in 3 years or more.

To underpin this work, the procurement of scientific and agronomic advice is being procured in advance of phase 2, to inform the Task and Finish Group's consideration of key recommendations, including alternatives to the closed periods and the 170kg limit and soil protection measures. The Welsh Government is also engaging with the Construction Industry Research and Information Association (CIRIA) - a neutral, independent and not-for-profit body - on its

review of industry guidance on best practice in relation to slurry storage for designers, contractors and agricultural operators to inform future slurry storage designs. The potential of a farm pilot or pilots is also being explored.

4. Blas Cymru and growth of the Food sector

Blas Cymru/Taste Wales is Wales' signature trade event to promote the food and drink industry in Wales in a national and international setting. Since its inception in 2017, Blas Cymru/Taste Wales has taken place every two years at the International Convention Centre Wales, (ICCW) in Newport.

From 2017 to 2025, Blas Cymru/Taste Wales has shown consistent growth in scale and economic impact. The number of exhibitors and buyers has steadily increased, with 2025 marking the highest participation and economic return to date. The event's international reach has also expanded, showcasing food and drink from Wales to international buyers from global markets. The value of business opportunities generated by the brokerage has grown from £16 million in 2017 to £45 million in 2025, reflecting Blas Cymru's increasing importance as a trade platform.

The 2021 event, held during the COVID-19 pandemic, still managed to generate significant business, demonstrating the resilience of the sector. The 2023 and 2025 events highlight a post-pandemic rebound, with record-breaking sales and broader international engagement.

Development

Prompted by industry feedback and research, considerations around value for money, and the need to maintain the relevance of Blas Cymru/Taste Wales, the format of the event has changed, with the exhibition and brokerage becoming two different events which are expected to take place in alternating years.

The exhibition has been developed to showcase more extensively the infrastructure support available to the industry in Wales, and the first BC Conference was held on 24 October 2024 at Venue Cymru, Llandudno. The conference was aimed at industry and business. Around 200 people attended, predominantly businesses, and initial feedback was very positive.

The next conference is scheduled for 3rd-4th November 2026, Venue Cymru Llandudno – subject to approvals. The conference joins previously separate events and will showcase the extensive Welsh Government support available for the food and drink industry and include plenary sessions, workshops, an exhibition and a networking dinner.

The Blas Cymru “Meet the Buyer” (Brokerage) event took place from 21–23 October 2025 at the ICCW, Newport. The event brought together 150 producers

and 321 buyers, showcasing 200 new product ranges. Over the course of two days, 2,766 meetings took place. Activities began with a Ministerial Welcome Dinner on the eve of the event, followed by the main brokerage sessions. Delegates also benefited from a networking reception, industry showcases, and guided tours of the exhibition.

The unstaffed industry showcases highlighted a wide range of Welsh food and drink, including GI products, meat, dairy, seafood, and horticulture. To date, the event has generated over £45.2 million in potential sales, demonstrating its strong commercial impact for Welsh producers. Planning is already underway for the next Brokerage event, anticipated to take place in 2027.

Stats from previous Blas Cymru events:

Year	Venue	Theme / Focus	Buyers	Suppliers	Meetings	Sales Generated	Highlights
2017	Celtic Manor Resort	First international showcase	150+ (14 countries)	100+	1,200+	£16m	Launch event, export focus
2019	Celtic Manor Resort	Accelerating Sustainable Growth	190 (18 countries)	150	1,600	£12m	159 new products, 200 buyers
2021	ICC Wales	Food and Drink for Future Generations	200	100+	1,695	£16m	Hybrid format, Welsh Kimchi
2023	ICC Wales	Resilience & Innovation	276 (30 int'l)	122 + 15 Rising Stars	2,100	£38m	203 new products, record sales
2025	ICC Wales	Meet the Supplier	321 (41 int'l)	149 + 22 attended as part of a study tour	2,766	£45.2m	3,000 products, 200+ new launches, Rising Star Marketplace

5. Community Food Strategy

CFS Launch – Programme for Government Commitment

The Community Food Strategy (CFS), published on 29 April 2025, delivers the Programme for Government commitment to increase the production and use of locally sourced food in Wales. Its six objectives aim to use food policy to support Wales' economic, social, cultural and environmental well-being. By strengthening local food systems, the strategy promotes community-based solutions that can help tackle social inequalities, improve diets and health, and support green economic growth.

Grant Funding for Local Food Partnerships

All 22 Local Food Partnerships in Wales have now received grant funding through a cross-portfolio package supporting rural development and work to tackle food poverty. This puts us on track to meet the Community Food Strategy commitment of providing over £2 million of support in this financial year. The funding strengthens local food networks and enables community-led food solutions. Partnerships are developing projects tailored to local needs, working with local authorities, health boards and producers. Activities include trialling farmers' markets and local veg-box schemes, running farm visits and community events, offering cooking skills sessions, and involving residents in local food charters and strategies. A further £240,000 has been made available for collaborations between Partnerships. For example, Bwyd Powys is leading a joint Mid and West Wales project involving four Partnerships to develop a regional food resilience strategy and begin delivering practical action.

Ministerial Advisory Group

The Community Food Strategy includes a commitment to create a Ministerial Advisory Group made up of key stakeholders and delivery partners. The group will provide expert recommendations on turning the strategy into practical, measurable action. Following targeted engagement, the group held its first meeting on 3 December to agree its remit, priorities and membership approach. Core members include representatives from the Future Generations Commissioner, Food Sense Wales and Social Farms & Gardens. The next steps are to develop a structured workplan and recruit wider members through an open expression-of-interest process.

Collaboration with Future Generations Commissioner

Welsh Government has worked with the Office of the Future Generations Commissioner for Wales and Food Sense Wales to produce new guidance for local authorities on strengthening local food systems. Launched by the Future

Generations Commissioner on 19 November at the Wales Real Food & Farming Conference, the guidance responds to growing demand from councils for clear, practical advice. It brings together current good practice across governance, planning, procurement, access to food, food waste and promoting healthy diets. The guidance shows how local action can support national priorities, including the Community Food Strategy, Healthy Weight Healthy Wales, the Child Poverty Strategy and the Well-being of Future Generations Act. This collaborative approach, aligned with Objective 1 of the CFS, is already building local capacity. Ongoing engagement with councils and Local Food Partnerships will continue to share learning, with updates provided to the Ministerial Advisory Group.

Wider aspects of WG delivery referenced in the CFS

a. Public Procurement

The CFS includes a commitment to increase the amount of Welsh public sector spend on food of Welsh origin by at least 50% by 2030. To this extent, Foundational Economy funded food projects have strengthened partnerships between growers, local authorities, health boards and wholesalers, increasing the supply of Welsh, sustainable produce and improving food education and procurement. The Welsh Veg in Schools project has delivered 200,000 portions of organic Welsh vegetables in seven local authorities, boosting child nutrition and contributing to a 20% increase in vegetable-growing land. Support for 52 Welsh food businesses has helped retain 1,119 jobs. Wholesalers are also sourcing more local produce, with Castell Howell increasing its spend on Welsh food by 173%, and Harlech reporting rises of 90% for meat, 120% for milk and 64% for school drinks since 2021. Food Division are currently preparing a commission to reassess Welsh public sector spend on food of Welsh origin.

b. Food in Schools

Work to roll out universal primary free school meals has increased awareness of the benefits of using local food, provided procurement training and supported pilots that encourage growth in locally sourced products on school menus. As the revised Healthy Eating in Schools Regulations come into force in October, we will continue supporting local authorities and the school food supply chain to maximise opportunities for sourcing Welsh produce.

c. Tackling Poverty

Since 2019, over £29 million has been provided to community food organisations to tackle food insecurity and support wider services that build financial resilience. This funding has helped organisations improve access to good-quality food, distribute surplus, and provide essential items such as baby formula and warm goods, alongside support like baby banks, uniform banks and food-skills

activities. In 2025/26, a further £4.8 million is being invested to help alleviate food insecurity and address its root causes.

d. HW: HW

The Healthy Weight Healthy Wales strategy focuses on preventing obesity and supporting early intervention, with targeted help for those most at risk and action to create healthier environments for everyone. A new two-year delivery plan, published in September 2025, sets out cross-sector themes and places renewed emphasis on supporting children and young people to lead healthy lives into adulthood.

6. Strategic Approach to Welsh Fisheries and Aquaculture

On 29 January the Deputy First Minister published a [Written Statement](#) alongside a [progress update](#) highlighting the good progress we've made against our priority areas, 12 months on from publishing the Strategic Approach to Welsh Fisheries and Aquaculture.

Significant progress has been made on Fisheries Management Plans (FMP), including steps to implement Bass and Scallop, development of Wales's first Crabs and Lobsters FMP, and contributions to seven joint UK plans.

To support sustainable economic benefit domestically from our valuable natural resources, we have continued to manage permitted fisheries based on the latest scientific evidence. This has included the introduction of a new adaptive cockle management system, adaptive management of our whelk fishery and the launch of a recreational bluefin tuna fishery.

Sector resilience is being supported through seafood supply chain initiatives, wellbeing projects, and funding schemes, including £1,146,984 awarded under Welsh Marine and Fisheries Scheme (WMFS) Round 5, £430,132 through the Coastal Capacity Building Fund.

The Welsh Government has allocated an additional £1.29 million for 2026-27 to support and enhance our important fisheries and aquaculture sectors and our coastal communities across Wales.

The intention is to focus the investment on market development, environmental protection and sustainability, workforce investment, coastal growth and capacity building and science and evidence.

The [WMFS Round 6](#), which opened for applications on 7 January, includes an uplift in its budget to provide the first opportunity for the fisheries sector and our coastal communities to access this additional funding.

Following the EU Reset agreement in 2025, officials continue to press for clarity from the UK Government on the final Sanitary and Phytosanitary Agreement with regards to Live Bivalve Molluscs (LBMs). We are hopeful it will allow LBMs from class B waters to once again be granted market access to the EU. We recognise how important this is for our aquaculture businesses in Wales.

7. Animal Health and Welfare

Bluetongue update

As of 13 February, for the current 2025-26 vector season, there have been a total of 291 confirmed Bluetongue cases, 269 in England and 22 cases in Wales. Seven of these 22 cases of Bluetongue Serotype 3 (BTV-3) were detected on farms in the border counties of Monmouthshire, Powys and Wrexham during BTV Winter surveillance in Wales. This surveillance took place from November to December in each of the counties bordering England and along the south coast of Wales. In addition, Northern Ireland confirmed its first cases of BTV-3 in December and the Republic of Ireland confirmed its first case in January in County Wexford on the east coast of Ireland. BTV-3 was also confirmed on the Isle of Man in January with an all-Island Bluetongue Restriction Zone declared in response.

Last October, the Deputy First Minister issued a [Written Statement](#) to declare a Bluetongue virus Restricted Zone (RZ) across the whole of Wales, from 10 November 2025. Since then, livestock without clinical signs of disease have been permitted to move freely between England and Wales, and vice versa, under the conditions outlined in a [general licence](#). Farmers do not need to apply for this licence, but they must abide by its conditions when moving livestock and BTV-3 vaccination is recommended. There are separate licences for movements of germplasm in GB, and for livestock movements to Scotland, which remains a Bluetongue free area. All licences are published on the [Gov.UK Website](#).

On 8 December 2025, GB entered the low vector period where the risk of BTV transmission via biting midges is considered to be Very Low. The low vector period is expected to last until March 2026 and is being kept under review.

Bluetongue vaccination remains the most effective way for keepers to reduce the potentially devastating impacts of the disease. Livestock keepers should discuss with their vet the merits and timing of vaccination for their herd, flock and business. We are also working closely with Farming Connect and the Ruminant Health & Welfare group 'Battle Bluetongue' campaign to develop and deliver information for farmers and vets for the season ahead.

Avian Influenza update

As of 13 February, there have been 93 confirmed cases of Highly Pathogenic Avian Influenza (HPAI) for the 2025 – 2026 Outbreak season in the UK to date (73 in England, 9 in Scotland, 7 in Wales, and 4 in Northern Ireland).

The risk of HPAI in wild birds in GB is currently assessed as Very High (event occurs almost certainly). The risk of poultry exposure to HPAI in GB is High (event occurs very often) where there is suboptimal biosecurity and Medium (event occurs regularly) where good biosecurity is consistently applied.

An Avian Influenza Prevention Zone (AIPZ) has been in force across the UK since January 2025. In response to increased risk levels and an escalating number of findings of HPAI in wild birds, poultry and other captive birds, the Deputy First Minister issued a [Written Statement](#) on the introduction of additional mandatory housing measures across Wales on 13 November 2025. The housing measures apply to keepers who have 50 or more birds, and those that sell or give away eggs or poultry products due to the increased biosecurity risk that comes with trading.

The AIPZ will remain in place until a reduction in risk levels indicates it is no longer required. The requirements within the AIPZ and other measures to reduce the risk of avian influenza transmission remain under regular review based on the latest scientific and ornithological evidence and veterinary advice.

Additional mandatory restrictions also apply to poultry gatherings and in disease control zones in force surrounding infected premises where avian influenza has been confirmed in poultry or other captive birds. Gatherings of certain captive birds may continue, provided they meet the requirements of the [captive bird gatherings general licence](#). However, following the successful completion of disease control activities and surveillance within the zones, all HPAI disease control zones in Wales have now been lifted.

All keepers are legally required to register their birds with the Animal and Plant Health Agency (APHA). Additionally, it is a legal requirement to complete the [biosecurity self-assessment checklist](#) for keepers of small poultry flocks, commercial poultry, and gamebirds when an AIPZ is in force.

Animal Health and Welfare – Key Achievements

Antimicrobial Resistance (AMR)

The Wales AMR Animal Health Group (2024-2029) advises the Welsh Government on its approach. The Group recommended the [Animal AMR Control Plan for Wales \(2025-2029\)](#) which was published in March 2025.

Delivery continues to be supported by the Welsh Government funded Arwain DGC programme. Arwain DGC has been extremely successful, winning two

awards at the 2025 Antibiotic Guardian awards hosted by UKHSA, in the 'Animal Health, Agriculture & Food Supply' and 'Innovation and Technology' categories. In October 2025, Arwain DGC also received recognition from the Food and Agriculture Organisation of the United Nations for the projects outstanding demonstration of innovation in advancing Sustainable Livestock Transformation.

TB Eradication Programme

New TB Eradication Programme governance: Programme Board and Technical Advisory Group (TAG) established in 2024. This Governance structure has driven several changes, such as a reduction in the number of cattle requiring on farm slaughter and a strengthening of policies to address the increased risk posed by Inconclusive Reactors.

The Programme Board is currently preparing a position paper, informed by the TAG.

Improvements to communications: Ongoing work with NFU Cymru, FUW, Farm Liaison Service and other partners to ensure clarity and empathy with Welsh Government communications. Further work alongside APHA, Defra and industry partners to improve APHA TB correspondence. A number of letters have been revised and agreed; these will be used as a blueprint to revise other letters going forward.

Wider TB improvements and progress include:

Our support to farmers, industry and associate charities (such as Tir Dewi and DPJ) recognising welfare and mental health concerns. Further promotion of information and data sharing across Official Veterinarians (OVs) and to prospective buyers for informed purchasing. The continued success of the **Pembrokeshire and North Wales Projects**, led by vets and farmers to explore local, informed disease control.

Animal Welfare

We continue to work collaboratively with other administrations and stakeholders to consider how our farmed animal welfare standards can be further strengthened, including through joint UK-wide consultations on [lamb welfare](#) and [phasing out cages for laying hens](#).

We published new [standards of modern zoo practice](#) in May 2025, confirming our commitment to responsible, ethical wildlife management.

The [Animal Welfare \(Import of Dogs, Cats and Ferrets\) Act 2025](#) became law in December 2025, providing powers to crack down on low-welfare pet imports,

tackle puppy and kitten smuggling, and prevent the importation of vulnerable or mutilated animals.

The [Dogs \(Protection of Livestock\) \(Amendment\) Act 2025](#) which modernises out of date legislation to better protect livestock from dog attacks became law in December 2025. This brings the law in line with today's farming practices, animal welfare standards, and policing needs.

Animal Health and Welfare – Programme for Government Commitments

We have delivered against all five Programme for Government commitments on animal health and welfare which are now closed.

Ein cyf/Our ref: MA-MDFWL-3074-25

Mike Hedges MS
Chair
Legislation, Justice and Constitution Committee
Senedd Cymru
Cardiff Bay
Cardiff
CF99 1SN

24 February 2026

Dear Mike

Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill

I write further to your letter of 13 February requesting a written response to the recommendations in the Committee's Stage 1 report.

You refer to "a matter of long-standing parliamentary convention and of democratic courtesy that the Welsh Government responds in full to reports of Senedd committees". However, with the exception of responses to the Finance Committee, this is not the case for reports relating to legislation, where for primary legislation, the General Principles debate allows for the Senedd to discuss the conclusions of scrutiny committees.

I wrote in detail prior to the General Principles debate on recommendations 1 and 2, and my letter to the Economy, Trade, and Rural Affairs Committee of 12 January 2026, to which you were copied, set out:

- my intentions in respect of the powers under the Bill (recommendation 4);
- significant detail in respect of sections 46 and 47 (recommendation 9);
- my intention to bring forward amendments at Stage 2 in relation to a further 6 recommendations (namely 3, 5, 6, 7, 8 and 10).

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Many of these issues were also discussed in the General Principles debate and I therefore did not consider a further written response was required. However, as you have requested it, please see below confirmation of my response to each of the recommendations made in this Committee's Stage 1 report.

Recommendation 1

Prior to the Stage 1 debate on the general principles of the Bill, the Cabinet Secretary should publish a written statement explaining how the Cabinet Secretary assessed the Bill as compatible with Article 1 of Protocol 1 to the European Convention on Human Rights. That statement should include the Cabinet Secretary's rationale for concluding that:

- i. the interference with property rights is justified by being in the public interest; and
- ii. provisions in the Bill have a reasonable foundation and strike a fair balance between the demands of the general interest of the community and the protection of an individual's fundamental rights.

Government Response – Accept

This was addressed in my letter to Committee of 9 January.

Recommendation 2

Prior to the Stage 1 debate on the general principles of the Bill, the Cabinet Secretary should also explain whether he has identified any need to revise the conclusions on human rights in the Equality Impact Assessment as a result of evidence received during Stage 1.

Government Response – Accept

As I set out in my letter of 9 January, I am happy to confirm this is has not been necessary, and I remain satisfied that the Bill is compliant with Convention rights.

Recommendation 3

The Welsh Government should table amendments to the Bill to place a duty on Welsh Ministers to carry out a post-implementation review of the legislation.

Government Response – Accept

The amendment was tabled and agreed at Stage 2, and is now included in the Bill.

Recommendation 4

The Welsh Government should review the appropriateness of the delegated powers in the Bill, and consider whether any should be removed or limited.

Government Response – Accept

The powers in the Bill have been reviewed, and I consider those that remain to be necessary. However, following the recommendations by LJC and ETRA Committees, a number of amendments were tabled and agreed at Stage 2, to either enhance the procedures for, or limit the scope of, some powers in the Bill. As a result, offences created in regulations are limited to summary only, punishable by fines. Of the powers currently included within the Bill, 75% are now subject to the Senedd approval procedure, which I believe is an appropriate balance.

Recommendation 5

If the Welsh Government is minded to retain the powers in the Bill that enable a future Welsh Government to extend the scope of the Bill by regulations despite recommendation 4, the Welsh Government should table amendments to subject the

regulation-making power in section 5(1)(b) to an enhanced approval procedure that includes a requirement:

- i. for a minimum period of consultation, including with Senedd committees; and
- ii. to make a statement before any such regulations are made, detailing the outcome of that consultation (including areas of agreement and disagreement with stakeholders) and accordingly how the regulations have taken account of engagement with stakeholders.

Government Response – Accept

I tabled an amendment, agreed at Stage 2, to consult for a 12-week period prior to the use of the power under paragraph 5(1)(b). The power itself is already subject to the Senedd approval procedure, and, in addition, Standing Orders require an Explanatory Memorandum to be published alongside any regulations laid, which includes a section on consultation, and covers the matters in part ii of your recommendation. I believe this is sufficient for the Senedd to fulfil its role in scrutinising regulations under this section and making an informed decision.

Recommendation 6

The Welsh Government should table an amendment to section 25 of the Bill to include on its face the new criminal offences that would apply in relation to visitor accommodation licences.

Government Response – Accept

I tabled amendments, agreed at Stage 2, removing the power to prescribe offences for section 25, as on further reflection, the only offences that would be relevant for expiry and renewal of a licence are those already set out on the face of the Bill.

Recommendation 7

The Welsh Government should table amendments to section 57(4) of the Bill to subject the regulation making powers in section 27(2) to the Senedd approval procedure.

Government Response – Accept

I tabled amendments, agreed at Stage 2, to make the powers in section 27 subject to the Senedd approval procedure.

Recommendation 8

The Welsh Government should table amendments to section 57(4) of the Bill to subject the regulation-making powers in section 40(4) to the Senedd approval procedure.

Government Response – Accept

I tabled amendments, agreed at Stage 2, to make the powers in section 40(4) subject to the Senedd approval procedure.

Recommendation 9

The Welsh Government should table amendments to section 46(1) of the Bill to provide that the advertising and marketing requirements in that section, and to which the offence in section 47(1) relates, are to be made by regulations subject to the Senedd approval procedure.

Government Response – Reject

The Bill already states what is required, which is simply the premises registration number and information about how to access the directory to use that number. Specifying the manner in which the information must be displayed will need to cover a

wide range of scenarios, such as types of providers, platforms, booking agents, advertising mediums etc. This type of operational detail is better suited to guidance.

This part of the Bill is, however, still under consideration for amendment at Stage 3, with a view to clarifying the obligations and liabilities of those captured by these requirements, especially third parties who advertise and/or market visitor accommodation.

Recommendation 10

The Welsh Government should table amendments to sections 52 and 53 of the Bill to include on its face the new criminal offences that would apply in relation to cases where a Visitor Accommodation Provider dies, becomes incapacitated or becomes subject to an insolvency procedure, or otherwise ceases to exist.

Government Response – Accept

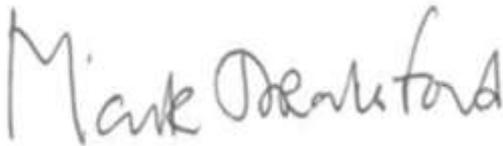
I tabled amendments, agreed at Stage 2, which amended the Bill in light of this recommendation.

I adopted a different approach, as I would not wish to pre-empt what may be necessary when making such provision, whilst ensuring the ongoing interaction between registration and licensing operates as intended in all circumstances. Instead, I have limited those powers such that they may create summary only offences punishable by a fine. This ensures all offences are consistent throughout the Bill, and that no such offences may carry a custodial sentence.

I hope this response is useful, and I would like to thank you and the Committee, for your considered scrutiny of the Bill.

I am copying this letter to the Chairs of the Economy, Trade and Rural Affairs Committee, and the Finance Committee, for information.

Yours sincerely,



Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

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Reference: AC535/caf
Date issued: 26 February 2026

Dear Peredur and Mark

Challenges and opportunities for Welsh public services

As you are aware, I am approaching the end of my term as Auditor General over a period that coincides with the Senedd election. Whatever the policy priorities for the next Welsh Government, the incoming administration faces some big questions around the future sustainability of our public services.

We recently released a [podcast series](#) that explored my perspective on some of those issues. My reflections built on the work of Audit Wales over the past eight years, as also summarised through my earlier [Picture of Public Services](#) reporting, my [‘Firefighting to future-proofing’](#) commentary, and my [‘No time to lose’](#) report on implementation of the Well-being of Future Generations (Wales) Act 2015. The podcasts also touch on themes discussed during my appearance at the [Finance Committee on 5 November 2025](#) as part of its Welsh Government budget scrutiny and in my [supporting written evidence](#). That evidence highlighted various relevant examples from my more recent work.

As your committees reach the end of their own terms, I wanted to put on record a summary of some of the thinking that sits behind the podcast series, although this is by no means exhaustive.

Frustratingly perhaps, much of what I have set out is not new; for example, my reflections around our public service landscape mirror issues raised by my predecessor and, before that, by other commentators. These issues are, in my view, ever more pressing. In the course of my time as Auditor General, I have seen much that is good. But the challenges facing public services are huge and the scope for improvement considerable. I hope that these reflections, and the fabulous work of my colleagues at Audit Wales, will be drawn on by the next Senedd and Welsh Government as they seek to address those issues.

As I step down, I should like to thank both Committees and the wider Senedd for their support for the work of Audit Wales throughout my tenure.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adrian Crompton', with a long horizontal stroke extending to the right.

ADRIAN CROMPTON
Auditor General for Wales

Copied to: Senedd Policy & Legislation Committees

Auditor General reflections on challenges and opportunities for Welsh public services

Wales has a strong and capable public service

The people of Wales rely on our public services – we see their impact and delivery all around us in our schools, our hospitals, our homes, our environment, our communities.

Those services in turn rely on the skill, hard work and dedication of hundreds of thousands of public servants – frontline staff, politicians, senior leaders – whose motivation is to serve their communities and to improve the lives of others.

Services have been tested by two decades of financial pressure, demographic and social change, ever increasing demand, and wider challenges from climate change, Brexit and global events. The COVID-19 pandemic rocked our society to its core and called for an unprecedented response. The residual effects of the pandemic are still with us today in the shape of pent-up demand for services and fundamental changes to society and behaviours.

There is much to reflect on and learn from the pandemic response, as we are still seeing played out through the UK public inquiry and wider scrutiny. However, we should recognise we also saw the very best of the public service in Wales during the response. Frontline workers continued their vital work, often under immense pressure; the NHS and local and central government collaborated to deliver life-saving initiatives such as the Test, Trace, Protect programme and mass vaccination; all parts of the public service adapted swiftly through remote working and service redesign to continue supporting their communities.

Though a dreadful time for so many, the response showed what can be achieved when public services are united around a clear, common objective and pulling in the same direction. We saw this too in how public services worked together to accommodate and support displaced Ukrainians arriving in Wales from early 2022 onwards, building on learning from the pandemic response.

But excellent service delivery is not just about responding to emergencies. The public have a right to expect it always and for the flexibility, collaboration and pace we saw in the pandemic to be standard. They should also expect that public money is well-managed and delivering good value.

Persistent and emerging challenges

Through the work of my office, I have consistently reported on some persistent challenges faced by the public sector.

Financial pressures

In local government, budgets have been squeezed. Fast rising costs in areas like children's services and temporary accommodation are bringing some councils to the very edge of financial sustainability.

Generally, we see councils having a sound grip on their immediate financial pressures but with many relying on reserves to balance budgets.

This approach is unsustainable in the long run. Individual councils, and the sector as a whole must strengthen their long-term planning, forecasting and oversight if they are to remain financially viable.

In the NHS, the Senedd passed legislation in 2014 requiring individual health bodies to break even over a three-year period and to have medium-term financial plans that are approved by the Welsh Government. Yet despite these statutory expectations, most health boards have been unable to meet that break-even duty for several years.

Despite record levels of investment and ever-increasing levels of savings, health boards are struggling to control costs driven by rising demand for services, overall growth in pay costs, and other inflationary pressures. With most health boards still unable to produce financially balanced three-year plans, the overall NHS deficit position is unlikely to change for the foreseeable future.

Those financial pressures stimulate an understandable focus on short-term financial management. But this reactive approach hinders the longer-term planning and transformational changes that are needed to create more financially sustainable services.

This is all before we add into the mix wider pressures, for example around the investment needed to support policy priorities around decarbonisation, deal with the impacts of climate change, and help society adapt. I have reported previously that the scale of spending that might be needed in these areas, and where that funding will come from, remains unclear.

Against this backdrop, making the most of every pound of public spending is essential. The work of my office gives assurance that, overwhelmingly, public money

is well managed. Many public bodies demonstrate strong governance and accountability. However, there is still waste, error, and fraud. Exercises like the data matching we facilitate as part of the UK-wide National Fraud Initiative are an important part of our counter fraud landscape. However, there is much more that public bodies need to do to raise their game in response to increasing fraud risks.

Demand and performance

Demographic and societal change, and the lingering impact of the pandemic are driving ever-increasing demand.

In some important areas, service performance and quality are declining. My 2025 report on cancer services, for example, described a failure to meet key waiting time targets and growing inequalities in outcomes despite increased funding. These issues are compounded by workforce shortages, ageing infrastructure, and rising public expectations.

Simply allocating more funds does not guarantee a solution. Except for 2022-23, the NHS has seen large, above inflation increases in its funding in recent years yet still it is unable to break even and performance in many areas is unsatisfactory.

And that ever-growing share being taken by the NHS undoubtedly squeezes the resource available for other areas. That changing pattern of funding between sectors needs to be rebalanced if important services are to be sustainable, and better outcomes need to be achieved across the board with the public money that is available.

Complexity and fragmentation

The public service delivery landscape in Wales is crowded. By way of illustration, my office audits the accounts of close to 100 larger public bodies and structures, even before considering other smaller bodies that I audit, notably the over 700 town and community councils.

In addition, various partnership and collaborative arrangements exist to address the challenges and problems that cannot be addressed by individual organisations alone; for example, Public Services Boards, Regional Partnership Boards and Corporate Joint Committees.

These partnership structures are of variable effectiveness – with some very good and others less so. They often work on differing geographical footprints and can have

overlapping memberships and objectives. They each require contributions from many of the same players, so spreading available resource more thinly.

While every one of our public bodies and partnership structures is no doubt rooted in a well-intentioned rationale, the combined effect is overly complex.

That complexity leads to a system that can be fragmented and slow-moving, with overlapping responsibilities and unclear lines of accountability. This complexity can hinder transformation and make it difficult for citizens to navigate services or understand who is responsible for what.

Our work also shows how many public bodies often fail to capture the service-user perspective. This affects service design, public understanding of lines of accountability, and the ability of service users to navigate what can be complex and poorly signposted systems.

Trust and confidence

I have growing concerns about declining trust and confidence in public services and governance structures across Wales.

That is not unique to Wales and is fed in part by factors beyond our control – broader geopolitical and domestic political issues, societal changes, change in the way people access media, information and analysis, the public's view of politics nationally and internationally.

Some factors, though, are much more within our gift. To win and maintain public trust and confidence, we must consistently demonstrate public service delivery that is timely and of good quality. When outcomes are poor and are not seen to improve – or seen to worsen – it is unsurprising that the public loses confidence in the public sector's capability. Not so much in the efforts of individuals and frontline services, but organisationally and system-wide.

We know from our own work and wider evidence that poverty and inequality remain deeply entrenched in many communities despite the best efforts of local government and others.

Similarly, my work in the NHS has shown that the failure to meet targets in key areas such as elective waiting times and ambulance handovers has sadly become the norm. This is demoralising for staff and will colour patients' views.

A further factor, on which I have a direct line of sight, is governance. It might not sound the most obvious cause of low public confidence, but I believe it is important.

The overwhelming majority of public sector organisations are well governed most of the time. Regrettably, though, I have reported on too many examples of poor organisational governance at every tier of the public sector – from the Welsh Government itself to the NHS, local government, some central government organisations, and the smallest tier of government in our town and community councils.

I fear even a small number of such cases colour the public's perspective of public sector governance in the round. These failures invariably feature some weaknesses in process such as poor record-keeping, application of policy, or a lack of transparency. But more significantly, in my view, many governance failures in public organisations are rooted not in process but in human behaviour.

If those in the public sector, especially in positions of leadership, lose sight of the required values and behaviours, the effects are damaging. They manifest in the form of poor decision making, relationship breakdown, wasted public money – on settlement payments, legal or consultancy fees – and distracted organisational leadership and service provision.

And every time the public sees such examples, it further undermines their confidence and trust: trust that is essential if the public is to support the kind of transformation required to make our public services sustainable for the long term.

Opportunities to do things better

Getting the basics right

Effective public service delivery begins with getting the basics right. Years of financial pressure has left some important areas under-invested and this needs addressing if we are to improve services and increase public sector productivity.

Digital

The technology already exists to transform service delivery, reduce costs and improve the user experience. I recognise that the public sector is already working to improve its approach to realising benefits from digital solutions and identifying services requiring transformation.

This work must replace antiquated IT systems, improve the quality and shareability of data, recruit and retain scarce skills in high demand across the economy, and reshape service delivery with citizens and users at the heart. The challenge is considerable.

The potential efficiency gains in those services are enormous, with more modern and responsive public services delivering improved service to customers. However, I have also emphasised the importance of balancing spending on infrastructure with work to tackle the root causes of digital exclusion. And while artificial intelligence presents great opportunity, it is not without risk.

My work on councils' digital strategies has revealed uneven progress. Only half of Welsh councils had up-to-date digital strategies, and many lacked robust arrangements for resourcing, monitoring, and evaluating impact.

In the NHS, digital transformation can be extremely slow and made more difficult by funding and capacity constraints, information governance challenges, and a lack of consistency on the 'Once for Wales' approach.

One prime example of these challenges can be seen in my previous reporting on the implementation of the Welsh Community Care Information System where, unfortunately, the reality of implementation did not meet the original ambition.

More specific and closer to home, my audit work could be made far more efficient and effective if the bodies we audit had modern systems for their financial and

performance information. In many cases, bodies instead have ageing, unreliable systems that are difficult to interrogate or integrate.

Many systems are outdated and not fit for purpose, limiting the ability of organisations to manage operations effectively or provide timely, reliable data for audit and decision-making. This technological deficit hampers both assurance and accountability, and crucially the ability to modernise and join up services to make them more efficient and improve the end-user experience.

So investing in updated finance and performance platforms is not simply to benefit the auditor – that is a relatively marginal matter. The more important question, and what should be front of mind for senior leaders, is how can they expect to run well-governed organisations, and take informed decisions, without them? Outdated systems can also increase cyber-security risks, something public bodies cannot afford to be complacent about.

Workforce

Workforce pressures are a recurring theme across my work. In all sectors and many specialised areas, staffing challenges – exacerbated by rising demand – have strained service delivery.

Examples from our work include capacity and capability challenges within the Welsh Government's civil service, pressure resulting from recruitment and retention challenges in the NHS and education, and in other specialised areas such as digital transformation, planning, active travel, building safety, and flood defence.

We see in our audit of accounts work too that many organisations are struggling to recruit and retain high quality finance professionals. This is concerning, and not just because we need these people to help produce good quality sets of accounts but because the finance profession has an important role to play in plotting a path to a more sustainable future for our public services.

Competition for specialist skills is inevitable, even within the public sector, and there will always be questions for public bodies to ask themselves about what they do in-house and what could be done by other organisations. But there needs to be a stronger approach to developing coherent workforce strategies, aligning staffing models with future service needs, and developing staff accordingly. Without this, policy ambitions risk being undermined by operational constraints.

Asset and infrastructure management

The efficient maintenance and improvement of existing assets such as roads, hospitals, schools and flood defences is every bit as important as getting value for money in building new infrastructure. After all, new assets will only deliver promised benefits if they are properly maintained.

All too often our work has highlighted the false economy of allowing maintenance backlogs to build up. Not least within the NHS where challenges with an outdated estate can drive inefficiencies, cost and impact negatively on patient care.

So a disciplined approach to asset management, for each part of the public estate, is an essential component of the change we need to see.

Overall, the Welsh Government spends more than £3 billion a year on infrastructure, although a lot of that is delivered through other public bodies. My recent review of how the Government is managing that significant spend shows clear effort to align it with wider strategic outcomes.

But these benefits will not magically materialise. It will need a concerted effort to line up the machinery of government – baking these benefits into plans from the outset and ensuring they are delivered over the longer-term. These issues are within the Welsh Government’s gift to put right but rely on a sustained improvement in programme and project management that has not been achieved to date.

The underlying weaknesses in some of these basic building blocks of our public service contributes to the second area where I believe change is required, namely productivity and value for money in the public sector.

Productivity and value for money

In the face of rising demand pressure and ever-more stretched budgets, improving productivity and delivering better value for money is essential.

Our work points to some of the productivity challenges for the public sector, especially in the NHS where outputs in terms of activity have not increased in proportion to additional inputs in terms of money and capacity in areas such planned care.

I am sure that leaders across the public sector share an ambition to make a step change in productivity. There’s enough evidence from the positive examples we have found in our work to be confident that significant amounts of public money can be

freed up. But it will take a disciplined, focused, cross-government approach over several years to fully realise the potential and make the exceptional the norm.

Hence, my reports consistently highlight that VFM is not just about spending less, it is about making the money we do have work better. A good example is the number of people who are in hospital awaiting discharge. While there has been some recent improvement, the picture across Wales remains challenged, absorbing huge costs and adversely affecting patient flow and the optimal rehabilitation of patients.

Many discharge delays are a result of waiting for social care support, often linked to funding and resource pressures in local authorities. Better funding to increase social care capacity would therefore free up significant NHS resource and represent a cost-effective way of improving patient experience and outcomes.

In a context of constrained budgets and rising demand, public bodies must focus on outcomes, not just outputs, and ensure that every pound spent contributes meaningfully to public well-being. At a very basic level, our work shows that too often public bodies lack reliable data with which to assess value for money and are unclear as to the outcomes they are looking to achieve.

My work on Active Travel, for instance, demonstrated how the Welsh Government itself is unclear about how assessment of its policy is to be achieved. As a result, significant sums had been invested without a robust means to assess its effectiveness and value for money.

And I have reported previously on how the Welsh Government had not done enough to ensure its investment in affordable housing contributes to wider policy objectives and to be able to tell a clear story on that front.

Many public organisations struggle to report on outcomes effectively. Performance tends to focus on outputs—such as the number of services delivered—without evaluating the difference those services make.

It is vital too that the public sector views value for money through the lens of the Well-being of Future Generations Act, which requires public bodies to consider long-term impacts, prevention, integration, collaboration, and involvement. As I have emphasised through my reporting on implementation of the Act, we cannot afford for public services to design solutions that do not meet people's needs, burden future generations with avoidable higher costs, or miss opportunities to deliver more with the same or less.

That much sharper and relentless focus on the delivery of value for money also requires a mindset shift to one focused on prevention and the longer term.

Shifting to a long-term, preventative mindset

Public Health Wales has estimated that for every £1 invested in public health interventions, there is a return of £14. This includes reduced demand on hospitals, social care, housing, and emergency services.

But too often, public services operate in crisis mode, responding to immediate pressures rather than planning for the future. This short-termism is reinforced by annual budget cycles, reactive funding decisions, and political incentives that prioritise quick wins over sustainable outcomes.

The Well-being of Future Generations Act provides a legislative framework to do something different – to act for the long-term and to act preventatively by addressing the root causes of issues, rather than dealing with the symptoms.

However, I have highlighted recently some prime examples where public bodies have been struggling to make a meaningful shift towards prevention, as evidenced for example in my work on cancer services and on how councils are managing temporary accommodation demand. This is despite there being clear evidence that investment in prevention makes sense from a value for money perspective.

Though Wales has an overarching, legislative framework to drive a longer-term, preventative mindset, our work suggests it is not yet doing so.

One of the challenges with prevention is that benefits take time to materialise. This lag can make prevention politically and operationally difficult, especially in a climate of financial pressure. However, the long-term gains—in health, well-being, and cost savings—are substantial and well-evidenced.

The Welsh Government has a critical role in enabling prevention. This includes setting coherent policy frameworks, aligning funding mechanisms, and creating incentives for collaboration.

It must lead a shift towards long-term financial planning, integrated delivery models, and cross-sectoral working. This means breaking down silos and ensuring that prevention is a whole-of-government priority.

Prevention cannot be achieved through isolated programmes. It requires a more radical, whole-system change and joined-up working between a range of agencies such health, social care, housing, education, and the third sector, with aligned accountabilities and funding streams and shared outcomes. Prevention must be embedded not just in strategy documents, but in everyday decision-making,

budgeting, and service design. Without this any policy aspirations around prevention risk becoming more rhetoric than reality.

Reducing complexity

As noted earlier, the current landscape of Welsh public services is characterised by a web of organisations, partnerships, and governance structures. The cumulative effect is a system that is fragmented and difficult to navigate.

While it is not for me to blueprint the alternative, I am clear on the need to simplify and avoid further complexity. If starting from a blank sheet of paper, we would surely not design the arrangements we currently have in place.

Reducing complexity is not about dismantling collaboration but about streamlining it. We need fewer, clearer structures with well-defined and sharper lines of accountability.

This is also not simply about rationalising the number of public bodies or making their collaboration with each other more effective. Reducing complexity and strengthening integration and collaboration applies just as much to the internal functioning of public organisations. These are expectations set by the Well-being of Future Generations Act where our work demonstrates much more needs to be done.

Citizen-centred design must underpin this simplification: services should be organised around the needs of people, not the convenience of institutions. This means engaging communities in shaping services, using plain language in communication, ensuring that performance information is meaningful and accessible, and considering the equality and other impacts of decisions. It also means being honest with the public about what constitutes safe and affordable public service provision, especially in relation to health and care services.

A simpler, more streamlined public service in Wales would also help breakdown silos within and between sectors and support better sharing and embedding of good practice. The latter is something that Wales seems to struggle with and all too often my work points to unexplained and often unacceptable variation in performance across different public bodies. This is despite our relatively small size and the close connections of many in the public sector. When good practice is established in part of the public sector, a more robust approach to 'adopt or justify' elsewhere may be required.

As Auditor General I see complexity manifested in other ways, including through our annual audit of the accounts of public sector bodies. A dry topic to some, this work is

essential if the public and the Senedd are to have an accurate and timely picture of the state of the public finances. For individual organisations, that accuracy and timeliness are essential if good decisions are to be taken.

For our local authorities, for example, the financial regime in which they operate is becoming increasingly technical with disproportionate emphasis on things like asset valuations and pension liabilities. Important, but obscuring what truly matters to users – councillors, officers, the public – namely, how public money is spent and the value it delivers.

I see some particular challenges emerging in this area which, if not addressed, will quickly weaken the overall financial regime and lead to poor decision making and a reduction in transparency.

Leadership

Addressing the areas I have mentioned will require political and executive leadership.

That means being honest about the scale of change required, making difficult decisions, and communicating clearly the necessary trade-offs. It also means modelling the behaviours we want to see: integrity, collaboration, and a relentless focus on outcomes.

The Welsh Government has a pivotal role to play in enabling this transformation. It is our system leader, sets the tone, and provides the legislative and financial frameworks within which other public bodies operate. While the Welsh Government does much that is good, too often I find myself reporting that it needs to be clearer and firmer in its system leadership.

My work has also highlighted examples where the Welsh Government can do more to support implementation of legislation it has introduced and follow up on whether it is being implemented effectively and having the desired impact.

It must provide clarity and coherence across policies, funding, and accountability frameworks. Mixed messages – such as promoting prevention while incentivising short-term performance targets – undermine progress.

This has been my central message in much of the work we have done around the Well-being of Future Generations Act. So that, for example, the expectation on organisations to plan and act for the long term and with prevention in mind, is not undermined by funding decisions, target setting, and accountability frameworks that incentivise the opposite.

I recognise the intense pressures faced by public sector leaders. These are difficult jobs. It is testament to them that our work often highlights examples of good practice where leaders have taken bold decisions in difficult circumstances.

But as noted already, my work on governance and transparency has also shone a light on the small number of cases where leadership fails to uphold the desired values. The result can be costly, public confidence erodes and service effectiveness suffers.

The challenges facing Welsh public services are complex and systemic. They cannot be solved by technical fixes or incremental change. They require bold decisions, honest conversations, and a shared commitment to doing what is needed.

Conclusion

Despite the significant challenges facing public services, there is potential for meaningful reform and improvement, especially if the themes I have described are sincerely addressed.

Wales is a small, tightly networked country; a population of just over three million people; a newly expanded legislative parliament and a government with significant autonomy; its public spending budget of nearly £30 billion represents almost one third of Welsh GDP; and despite challenges its public sector is highly capable and well-resourced compared to many countries.

One of our advantages is our scale. We are big enough to act strategically but small enough to be agile, collaborative and innovative. We can convene the key players on any issue, enabling us to act swiftly and cohesively in a way that is much harder in larger jurisdictions. That is a great base to work from.

The expansion of the Senedd to 96 members marks a further significant milestone in Welsh democracy. The public sector will rightly look to that new Senedd and Welsh Government for leadership in tackling the challenges I have outlined.

I very much hope that the larger legislature uses its additional capacity to improve scrutiny and accountability, and thereby to strengthen evidence-led policymaking. If not, a hard-won constitutional change will have been wasted.

As it does so, the message I would leave after eight years in the role of Auditor General is that radical transformation is needed.

It is possible, but difficult, and will require a clarity of purpose on the scale of that seen during the Covid years.

Public service leaders across Wales recognise the scale of the challenge and many are already navigating complex environments with limited resources. But the pace and progress need to be increased.

If not, our current model of public service delivery is not sustainable. Money will become even more thinly spread, services will continue to deteriorate, and outcomes will worsen. There must be a shift from short-term firefighting to long-term futureproofing, as I have called for consistently.

The Welsh Government has a critical role in providing leadership and in creating the conditions for transformation. This includes reducing funding uncertainty where possible, aligning policy and delivery frameworks, incentivising collaboration and

encouraging investment in prevention. It must also lead by example, embedding the sustainable development principle in its own operations and ensuring that its actions match its policy intent.

And even then, success will hinge on individuals making the right choices. Funding, process, frameworks and policies are important, and of course the work of auditors, regulators, politicians, and the media are essential in holding public organisations accountable. But those scrutineers should not, and cannot, be everywhere. Ultimately, our public services rely on thousands of people making the right choices, taking the right decisions, and acting in the right way.

The challenge for government and organisational leaders throughout the public sector is to make that as easy as possible – to lead by example, to role model desired behaviours, to give clarity about the scale of challenge and permission to make the changes required, and to create an environment in which all those in public service can play their part.

Agenda Item 5.3

Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio



Llywodraeth Cymru
Welsh Government

Andrew RT Davies MS
Chair of Economy, Trade, and Rural
Affairs Committee

SeneddEconomy@senedd.wales

26 February 2026

Dear Andrew,

I am writing to inform you, in line with the inter-institutional relations agreement, that a meeting of the Inter-Ministerial Group for Trade is scheduled for 4 March 2026.

The meeting will cover an update of the trade policy programme and trade matters to do with the US, GCC and discussion around steel trade measures.

I will update you further following the meeting.

Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Huw Irranca-Davies AS/MS
Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid
Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate Change
and Rural Affairs

Agenda Item 5.4


Llywodraeth Cymru
Welsh Government

Andrew RT Davies, MS
Chair,
Economy, Trade, and Rural Affairs Committee

26 February 2026

Dear Andrew,

The Chemicals (Health and Safety) (Amendment, Consequential and Transitional Provision) Regulations 2026

I refer to my letter to you of 2 February 2026 which explained that I intended to give consent to the Secretary of State to make the Chemicals (Health and Safety) (Amendment, Consequential and Transitional Provision) Regulations 2026 (“the Regulations”) and for their application to Wales. I write to inform you that the draft Regulations and Explanatory Memorandum have been laid before the UK Parliament.

The draft Regulations and Explanatory Memorandum can be found here: [The Chemicals \(Health and Safety\) \(Amendment, Consequential and Transitional Provision\) Regulations 2026](#)

There will now be a 21-day committee period followed by debates in both Houses of Parliament. The dates for these debates are yet to be scheduled. The date the Regulations are made will be dependent on the date of the approval motion, which should follow the debates. The Regulations will come into force 21 days after they are made.

If the Regulations are made before the start of the Easter recess, I will issue a Written Statement and send you post consent letters within 3 days of the laying of the Regulations. If the Regulations are not made before the Senedd is dissolved, I will issue a press notice/website update or other suitable form of public communication followed by a Written Statement once the new Senedd is in session.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Yours sincerely,

A handwritten signature in black ink, consisting of several overlapping, fluid strokes that form a cursive representation of the name 'Huw Irranca Davies'.

Huw Irranca Davies AS/MS

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion
Gwledig

Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs